

WOODINVILLE FIRE AND LIFE SAFETY DISTRICT
King County, Washington
January 1, 1995 Through August 31, 1996

Schedule Of Findings

1. Woodinville Fire And Life Safety District Officials Should Deposit Cash Receipts To The County Treasurer's Office In A Timely Manner

During our review of the district's cash receipting procedures, we noted checks and cash are not transmitted to the county treasurer timely. It was noted the transmittals to the county treasurer were made only once every three weeks to a month. Among one of the late deposits was a check in the amount of \$249,702 which was held for three weeks before being remitted to the county treasurer.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public, shall deposit such moneys collected or received with the treasurer of the taxing district once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible.

By not transmitting receipts on a timely basis, the district is not obtaining maximum investment earnings on the money. Also, the district's failure to deposit receipts in a timely manner results in a risk that errors or irregularities could occur and not be detected in a timely matter.

This was an informal written recommendation in the prior audit; however, it was not implemented for the current audit period. The district administrative assistant has indicated this recommendation will be implemented immediately.

We recommend district officials transmit all funds to the county treasurer in a timely manner.

2. District Officials Should Strengthen Procedures Over Use Of Purchase Orders

Our review of the district's purchase order procedures indicated several internal control weaknesses.

- a. Items, as described on purchase orders, do not agree to items on the actual invoices.
- b. Purchase orders do not give approximate cost for items.
- c. Several purchase orders reviewed show no evidence of approval by the administrative assistant.
- d. Purchase orders are filled out and approved by the same person.
- e. Several purchase orders reviewed referred to pertinent information that was "to be attached." Nothing was attached.
- f. Purchase orders are incomplete; several showed the vendor name and no description, or the description and no vendor name.

The district's policies and procedures, Article 100, Section 11, Part 7.3, states:

All purchases require a purchase order which will be obtained from the administration offices. All purchase orders shall be required to have a budget code and vendor number which will be provided by the custodian. The Administrative Assistant shall promptly review every purchase order submitted and return it to the originating custodian with the approved action. (Administration initials indicate approval.)

The purchase order system as it currently operates does not provide adequate controls over district purchases.

Lack of adequate purchase order policies and procedures allows the likelihood of purchases made without proper approval, items purchased without district official's knowledge, and purchases paid for at an incorrect price.

We recommend district officials strengthen purchase order policies and procedures by correcting the deficiencies noted above.

3. District Officials Should Follow Formal Bid Laws On Purchases Of Uniforms

Our audit revealed district officials purchased similar type uniforms for \$18,619.22 in 1995 and \$17,496 through June 1996. Phone quotes were obtained from several contractors. However, this purchase did not follow formal sealed bid procedures and district officials failed to advertise for competitive bid as required by state law. Additionally, district officials likely circumvented the bid process by splitting purchases to stay under the bid law thresholds. District officials incorrectly believed phone quotes achieved compliance with legal requirements.

RCW 52.14.110, Purchases and public works - Competitive bids required, states in part:

A formal sealed bid procedure shall be used as standard procedures for purchases and contracts for purchases executed by the board of commissioners. Formal sealed bidding shall not be required for: . . .

(2) The purchase of any materials, supplies, or equipment if the cost will not exceed the sum of four thousand five hundred dollars. However, whenever the estimated cost is from four thousand five hundred dollars up to ten thousand dollars, the commissioners may by resolution use the process provided in RCW 39.04.190 (vendor list) to award contracts.

RCW 52.14.120, Purchases and public works - Competitive bidding procedures, states in part:

(1) Notice of the call for bids shall be given by publishing the notice in a newspaper of general circulation within the district at least thirteen days before the last date upon which bids will be received.

By not following bid law procedures, district officials cannot be assured of obtaining uniforms at the best possible price nor are all vendors provided equal access and opportunity to bid.

We recommend district officials establish policies for formal sealed bid procedures and the advertisement of purchases for competitive bid to ensure compliance with state bid laws.

4. District Officials Should Obtain Adequate Documentation To Support Credit Card Purchases

During our audit of the district's 1995 and 1996 credit card expenditures, we noted several instances where the former fire chief's credit card purchases did not have adequate supporting documentation. Out of 20 transactions tested in 1995 and 1996, 12 transactions in the amount of \$715.45 had no receipts attached, and 7 transactions in the amount of \$987.05 had credit slips showing totals instead of receipts showing detail.

RCW 43.09.200, Local government accounting, states in part:

The accounts shall show the . . . vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

This situation occurred because the former fire chief circumvented internal controls over credit card use.

Lack of proper documentation for transactions exposes the district to the risk of making improper and possibly invalid payments.

We recommend district officials obtain adequate documentation necessary to support all transactions as required by state law.